



MEMORANDUM

To: Members of the Michigan Senate

From: Doug Roberts, Jr., Director of Environmental and Energy Policy

Subject: Executive Order 2009-45 – DNR/DEQ

Date: October 21, 2009

The purpose of this memo is to inform you that the Michigan Chamber of Commerce supports resolutions to reject Executive Order 2009-45 – an order to merge the DNR and the DEQ into one agency. While the Michigan Chamber is supportive of many of the elements contained in E.O. 2009-45, we believe there are some flaws which necessitate that the order be rejected and replaced with a new Executive Order.

One major flaw in E.O. 2009-45 relates to changes at the Michigan Department of Agriculture. This department is a well-run state agency that is a trusted brand for the state's second leading industry. There is no need to change what is working for the agriculture industry. The sections in the E.O. related agriculture should be removed.

As it relates to the merger between the DNR and DEQ, we have some concerns about the role that the Natural Resources Commission (NRC) will play over the issuance of permits. Our policy is clear that commissions can serve to provide guidance but should not be used to delay permits or have the final decision making authority on environmental permits. Language in the E.O. may need to be clarified to define the role of the NRC.

MICHIGAN CHAMBER POLICY:

The Michigan Chamber of Commerce has official policy relating to the accountability of the state department responsible for environmental permitting. This policy includes the following statements:

The Michigan Chamber Supports:

- Retaining accountability for administration of environmental programs and projects by continuing gubernatorial appointment of the Director of the Department responsible for environmental issues.

- Timely environmental permit decision-making by experienced professionals based on sound science and the law.
- Opposing creation of a "citizen oversight commission" that would allow non-elected appointees to set policy, unnecessarily delay and complicate the permitting process, and lessen accountability for departmental performance by removing a governor's authority to appoint the director.
- Establishing a scientific advisory board that could be called upon by the Legislature to provide technical expertise on matters relating to environmental protection and natural resource management.
- Conducting performance audits of environmental regulatory programs to ensure that maximum efficiency is being achieved.

EXECUTIVE ORDER 2009 -45:

The Executive Order issued by the governor is consistent with several of the policy priorities supported by the Michigan Chamber. The E.O ensures that there is clear accountability related to the issuance of permits by having the new director appointed by the Governor. The E.O. establishes that the new agency should strive to achieve best-in-class permit processing and improved customer service. The E.O. establishes a new scientific advisory board to help establish sound scientific principles to assist the agency in decision making. These reforms are all positive changes that should be implemented.

Michigan has had a history with boards and commissions that have served to delay economic development projects. Many of these boards and commissions were abolished when the DEQ was established in the 1990's. Chamber members are opposed to the re-establishment of boards and commissions to review environmental permits. Language in the E.O. (Page 9 subsection 6) would allow the governor or director to request that the Natural Resources Commission perform additional duties. These additional duties are undefined by the E.O. We are very concerned about what these duties may include and believe clarification is necessary to ensure that this does not include permit review.

AGRICULTURE:

Michigan agriculture remains one of the state's leading industries, providing over \$71.3 billion in economic activity annually. Recently, the Michigan Chamber created a special working group on agriculture. Michigan Chamber members in the agriculture industry indicated that the Michigan Department of Agriculture (MDA) is a department they trust and support. Given the well-run nature of the department, there is no reason to make drastic changes at MDA. We urge sections in the E.O. related to agriculture be removed.

CONCLUSION:

The Michigan Chamber of Commerce supports the merger of the DNR and DEQ. We hope resolution can be found on a few key matters that will allow for a new Executive Order to be issued. If you have any questions, please feel free to contact me or Jim Holcomb at 517-371-2100.